

Internal Audit Six-Month Audit Follow-up Report
Executive Summary
UM

We performed follow-up procedures to determine the status of management's responses to previously issued audit reports with action items that were due to have remediation completed between February 1, 2012 and July 15, 2012. These items are reflected in the report as either "closed" or "past due". Items listed as "in process" are action items from previously issued audit reports that were not scheduled to have remediation completed before July 15, 2012.

We requested auditees to document the current status of their action items due on Implementation Status Summary (ISS) forms. These ISS forms are reviewed by the respective Internal Audit Steering Committee Representative (ASCR) to help ensure quality and then are returned to Internal Audit. We then performed fieldwork on approximately 50% of the action items due to independently validate the status of items as reported by management.

The following summarizes the results of the procedures Internal Audit and the ASCR performed to assess the current status of outstanding audit findings designated as "High" or "Medium" risk for internal audit reports. Audit findings designated as "Low" risk are not subject to follow-ups but management is required to submit a status of "closed", "past due" or "in process" for these items.

We will be reporting on 51 action items that were due to have remediation completed between February 1, 2012 and July 15, 2012. The status of these items is reflected below:

- For High and Medium risk action items scheduled for completion on or before July 15, 2012:
 - 36 items, or 71% are considered closed
 - 15 items, or 29% are considered to be past due
- The following page depicts the summary results in tabular form. In addition to the High and Medium risk items referenced above, the table also includes Low risk items and "in process" action items.
- A summary for each High and Medium risk past due actions item has been included for your consideration.
- Detailed information for each High and Medium risk action item is included in the full follow-up report by business unit and action item status; this report is available upon request from the Office of the Vice President for Finance and Administration.

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Summary of Action Items by Audit Report as of July 15, 2012

Unit	Report Name	Past Due			Closed			In Process ¹		
		H	M	L	H	M	L	H	M	L
UM System-wide	Data Retention Assessment	-	-	-	3	-	-	-	-	-
	Human Resources Pre-Implementation Assessment	3	4	-	-	-	-	-	-	-
	501(c)(3) Governance Assessment	-	-	-	-	2	1	-	-	-
	Financial Aid Assessment	-	-	-	-	2	-	-	-	-
	Procure-to-Pay Review	-	-	-	-	1	-	-	1	-
	Information Technology Spend Review	-	-	-	-	-	-	-	4	-
	Emergency Preparedness Assessment	-	-	-	-	-	-	2	5	-
UM System	Division of Information Technology Project Management Office	2	-	-	2	1	-	-	-	-
	Non-Vested Pension Benefits	-	-	-	-	2	-	-	-	-
	Board of Curators Expenses Review	-	-	-	-	-	3	-	1	-
	Healthcare Provider Discounts	-	-	-	-	-	-	-	4	-
MU	College of Education	-	-	-	-	1	-	-	-	-
	Hatch Act Formula Grant	-	-	-	-	1	-	-	-	1
UMKC	College of Arts and Sciences - High School/College Partnerships (HSCP)	-	-	-	5	1	2	3	2	1
	School of Law	-	-	-	-	3	1	-	-	-
	Scholarships and Tuition Waivers Review	-	-	-	-	-	-	-	4	1
S&T	Human Resources ²	-	-	-	-	1	1	-	-	-
	Physical Facilities ²	-	-	-	-	2	-	-	-	-
	Office of the Vice Provost for Academic Affairs	-	1	-	-	-	-	-	-	-
	Office of the Vice Chancellor for Advancement	-	-	-	-	1	1	-	1	-
	Cashier's Office Internal Audit	-	-	-	-	2	2	-	-	-
UMSL	Division of Institutional Safety ²	-	-	-	-	1	-	-	-	-
	Touhill Performing Arts Center	-	-	-	-	1	-	-	-	-
	Advanced Credit Program	-	-	-	-	2	-	-	-	-
	College of Education	-	-	-	-	-	1	-	6	-
	Department of Athletics	-	-	-	-	-	-	-	2	3
MUHS	University Physicians - Physician Documentation	1	1	-	-	-	-	-	-	-
	MUHS ICD-10 Internal Audit Analysis	1	2	1	-	-	-	-	-	-
	MUHS Graduate Medical Education	-	-	-	-	1	-	1	-	-
	MUHS Tiger Institute	-	-	-	-	1	1	-	2	2
	MUHC Inventory Optimization Assessment	-	-	-	-	-	-	2	6	1
TOTAL		7	8	1	10	26	13	8	38	9

¹ Items listed as "in process" are action items from previously issued audit reports that were not scheduled to have remediation completed before July 15, 2012.

² Audit findings include items to be remediated at the system level.

Summary of Past Due Action Items by Audit Report As of July 15, 2012

As illustrated in the chart, on the previous page, 7 "High" and 8 "Medium" risk action items are overdue for implementation. A brief status update for each of the overdue action items is provided below.

#	Unit & Risk	Audit Report	Summary of Action Item	Due Date	Status Update
1	UM System-wide Risk: High	UM System Human Resources Pre-Implementation Assessment, May 2010 Report Observation: 1a	UM Human Resources (HR) will partner with the UM Division of Finance & Administration and work with campus departments to eliminate the number of approvals required for transaction processing. UM HR/Payroll is committed to increase the use of technology to drive faster processing times, reduce the amount of paper, and to improve efficiencies. Specifically, HR will explore the use of PeopleSoft "workflow" technology as part of the PeopleSoft HR upgrade to automate the approval process. Workflow functionality will provide business process transparency and allow HR to mitigate bottlenecks that impede transaction progression.	7/11 3/12 6/12 6/13	The Implementation of Commitment Accounting will provide ways to improve the efficiency of funding data entry and approval. HR anticipates utilizing two new processes, Approval Work Flow and Manager Self Service, to electronically channel items for approval. During this process and as the result of other ongoing activities, the number of approvals will be under examination. Initial implementation is scheduled for January 2013 with additional forms and processes to be included over time. The ePAF will be developed by a third party and will be fully integrated into the PeopleSoft system. This product has the capability to be extended, via additional licenses, to Student and Finance.

#	Unit & Risk	Audit Report	Summary of Action Item	Due Date	Status Update
2	UM System-wide Risk: High	Human Resources Pre-Implementation Assessment, May 2010 Report Observation: 1b	The full implementation of the eRecruit module in PeopleSoft will eliminate the need for data entry of new hire personal data. Other personnel actions can be input directly into the system through the Manager Self Service technology. UM HR is currently exploring the most efficient way to implement this technology. We will utilize the information provided through the Shared Services Benchmarking Project to determine whether centralization or de-centralization is the most efficient way to input directly into the system. Our goal is to eliminate transaction complexities for end users, eliminate paper processes, increase efficiency through reduced processing times, and improve HR services.	7/11 6/12 6/13	The upgrade took place in July 2011, as planned. We are actively implementing Global Grading Codes which is a necessary condition for expanded eRecruit functionality and Talent Management. Full adoption of the eRecruit tool is expected by June 30, 2013. All campuses should have fully adopted the eRecruit application by the end of this year. The exception is the Hospital which has recently chosen to use different technology. An electronic version of the PAF is being developed by a third party. Initial implementation is scheduled for January 2013.
3	UM System-wide Risk: High	Human Resources Pre-Implementation Assessment, May 2010 Report Observation: 1c	In addition to the automation allowed for in eRecruit, the planned upgrade to PeopleSoft version 9.1 in July of 2011, will also allow HR to take advantage of new functionality delivered for a myriad of paper intensive compliance processes such as management of I-9 information, automated third party integrations for Criminal Background Checks, and the use of Smart Hire Templates for hiring student employees.	12/10 12/11 6/12 6/13	The upgrade took place in July 2011, as planned. All campuses will have full implementation of eRecruit by the end of calendar 2012. The Hospital has chosen to adopt different technology and is just starting the investigation into what third party solution they would like to adopt.
4	UM System-wide Risk: Medium	Human Resources Pre-Implementation Assessment, May 2010 Report Observation: 2	HR will set consistent university-wide standards for timely processing and payment of new hires and termination of employees. Campus HR offices will track achievement of these standards, benchmark time to complete these business processes and develop processes to hold campus departments accountable.	12/10 8/11 6/12 6/13	The upgrade took place in July 2011, as planned. We are planning to implement a Smart Hire template for Student employees and allow departments to process terminations through Manager Self Service (MSS) rather than a paper PAF. We have provided access to the system for new employees and HR 30 days prior to hire date.

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#	Unit & Risk	Audit Report	Summary of Action Item	Due Date	Status Update
5	UM System-wide Risk: Medium	Human Resources Pre-Implementation Assessment, May 2010 Report Observation: 3	The campuses will develop or enhance communication plans regarding the importance of timely processing of all personnel actions and emphasize the problems created by hires and terminations which are not processed timely. HR will work to identify legitimate constraints faced by departments in processing the paperwork, and develop or enhance enforcement efforts. In addition campuses will document the problems caused by delays in processing hires and in terminations and use that information to secure the support from all levels of administration in improving timelines for processing critical personnel actions. System HR will develop an edit report to be distributed to the campuses detailing transactions that fall outside the established benchmarks for timely transaction processing.	4/11 6/12 6/13	The upgrade took place in July 2011, as planned. We are planning to implement a Smart Hire template for Student employees and allow departments to process terminations through Manager Self Service (MSS) rather than a paper PAF. We have provided access to the system for new employees and HR 30 days prior to hire date.
6	UM System-wide Risk: Medium	Human Resources Pre-Implementation Assessment, May 2010 Report Observation: 4a	Most of the campuses have centralized orientation processes, but not all campuses use that opportunity to input or verify employee data in the system, particularly for faculty new hires. Campuses will consider this practice along with several other leading practices such as establishment of Core Administrative Processing Services (CAPS) where appropriate or, as stated above, implementation of the manager self-service functionality within departments.	5/11 6/12 6/13	The upgrade took place in July 2011, as planned. We are planning to allow departments to process terminations through Manager Self Service (MSS). We have provided access to the system for new employees and HR 30 days prior to hire date. Human Resource Services (MU) has expanded its Core Administrative Processing Services (CAPS) centers. For the peak processing period from August through September, MU has expanded its new employee registration sessions from 2 sessions per day to 7 sessions per day. Our goal is to implement the MSS project by June 30, 2013.

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#	Unit & Risk	Audit Report	Summary of Action Item	Due Date	Status Update
7	UM System-wide Risk: Medium	Human Resources Pre-Implementation Assessment, May 2010 Report Observation: 4b	Campuses who do not already do so will prioritize the processing of new hire and termination PAF's so that Federal Regulations (E-Verify) are met, new employees receive their first paychecks timely, and terminations are processed timely. As stated above, system-wide standards will be developed to ensure these goals are met. Current personnel action workflow will be evaluated and appropriate resource allocation will be made with the desired outcome of effective, efficient, and timely processing of all personnel transactions.	12/10 12/11 12/12	Campuses continue to prioritize the processing of new hire and terminations PAF's. Human Resources Council (HRC) has identified implementing Manager Self Service (MSS) and eliminating the paper PAF for new hires as a priority project post go-live for HCM 9.1. We have provided access to the system for new employees and HR 30 days prior to hire date. The upgrade took place in July 2011, as planned. An electronic version of the PAF is being developed by a third party and will be fully integrated into the PeopleSoft system. Initial implementation is scheduled for January 2013 with additional forms / processes to be included over time.
8	UM System Risk: High	Division of Information Technology Project Management Office, July 2010 Report Observation: 1a	The Division of IT deployed Microsoft Project Server in December 2009 to facilitate the collection of work information and provide metrics on resource allocation. As the learning curve for the Project Server tool is steep, adoption has been gradual. Beginning July 1, 2010, Division of IT Project Managers (PMs) began assigning resources to selected projects; additionally, all Division of IT staff are now required to record time spent completing tasks. Beginning September 1, 2010, PMs will assign resources for all tasks in all projects. Additionally, Division of IT managers have identified the percentage availability for each human resource. Depending on our success in deploying Project Server and, assuming we have sufficient resources, we may implement Project Portfolio Server (PPM) in 2011. As part of that implementation process, we will interview senior executives and other stakeholders to capture their high-level metric needs.	12/11 9/13	Division of IT project resources are now managed in Project Server 2007. Projects include both those approved by DoIT's Project Governance Committee (PGC) and smaller projects not requiring PGC approval. Due to resource limitations, the project to install the new version of Microsoft Enterprise Project Management (EPM) 2010, which encompasses both routine project management and portfolio management has been delayed. In the meantime and in conjunction with the Strategic PMO initiative begun in 2011, management is evaluating the use of Microsoft's Project Portfolio Management 2007 to optimize strategic UM System-wide projects within resource constraints. PPM will incorporate a high-level budgetary and other resource view for decision making, while linking detail resource information collected from actual project implementations.

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#	Unit & Risk	Audit Report	Summary of Action Item	Due Date	Status Update
9	UM System Risk: High	Division of Information Technology Project Management Office, July 2010 Report Observation: 2a	This recommendation is in progress with the implementation of MS Project Server and the possible future deployment of MS PPM Server. If implemented, PPM will provide more information on project prioritization readily available to publish and share with stakeholders. If PPM is not implemented, we will use some combination of printed reports, dashboards, and live meetings to improve transparency in the project approval and prioritization process.	12/11 9/13	During 2011, the Vice Presidents of IT, HR, and Finance initiated an effort to define and build a strategic project management office (SPMO) at UM System level. A consultant has been hired to facilitate the process and the development of a strategic portfolio is underway. The use of a software management tool to manage and share priorities for executive decision making is under evaluation. The deployment date for the 2010 version of EPM (i.e. Project Server and Project Portfolio Server) is September 2013. We are currently reviewing the schedule to find shortcuts to speed deployment. Until then we are considering use of Project Portfolio Server 2007, which is in production.
10	Missouri S&T Risk: Medium	Missouri S&T Office of the Vice Provost for Academic Affairs, April 2011 Report Observation: 2	The original vision for the office suggested by the Restructuring Planning Committee in 2007 and current operations will be reviewed with the Provost. The focus of this review will be to clarify duties, responsibilities and delegated authority with a goal of identifying possible gains in efficiency through changing processes. Changes in processes and duties that are identified will be adopted for the Spring 2012 semester or before.	6/12 6/13	From 9/1/11 until 4/1/12, both the Provost and the Vice Provost for Academic Affairs (VPAA) positions were filled on an interim basis. The VPAA position continues to be. A search process is now underway but it could be a few months until position is filled. Due to the interaction between VPAA and Provost on this issue and its nature, it seems best to allow time for the position to be filled on a long term basis and for that VPAA to have time to analyze and discuss the issue with the Provost.

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#	Unit & Risk	Audit Report	Summary of Action Item	Due Date	Status Update
11	MUHS Risk: High	University Physicians - Physician Documentation, November 2010 Report Observation: 3	Management agrees with the recommendations regarding enhancements to coding and documentation training, reference materials, policies and intranet repositories, and the Compliance Resource "helpline". We will review further to define and implement appropriate enhancements that will address the risks identified.	7/11 3/12 9/12 12/12	<p>The UP Professional Liability and Compliance Committee (PLCC) has renewed their contract with eHealthcareIT to provide online education and testing for physicians, residents and fellows. Currently, the PLCC is discussing adding coder/biller coursework to this tool. Providers and their administrators/ coding staff will continue to receive one-on-one education, and UP has contracted with a vendor to provide specialty specific education.</p> <p>The OCC maintains an intranet website with the policies for coding and documentation. Also, MUHC has begun fully utilizing the University of Missouri System Ethics and Compliance Hotline which includes financial, medical and health, human resources, research, athletics, and environmental, health and safety areas. MUHC has designed a promotional communication plan to increase awareness of the hotline throughout the institution.</p>
12	MUHS Risk: Medium	University Physicians - Physician Documentation, November 2010 Report Observation: 4	We will review our documentation policies and procedures to ensure that MUHS documentation standards are aligned with Medicare standards. We will make appropriate improvements to our policies and monitoring activities to address the risks identified above.	7/11 3/12 8/12 12/12	<p>The Professional Liability Sub-Committee on Documentation Guidelines has presented draft recommendations to the Professional Liability and Compliance Committee (PLCC) for review. The final guidelines will be reviewed and approved by the UP Management Committee.</p> <p>Monitoring tools, policies and procedures for monitoring documentation/signature deficiencies and reporting mechanisms, and the establishment of monitoring timelines and responsibilities for monitoring activities will be developed.</p>

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#	Unit & Risk	Audit Report	Summary of Action Item	Due Date	Status Update
13	MUHS Risk: High	MUHS ICD-10 Internal Audit Analysis, July 2011 Report Observation: 1	MUHC concurs with the recommendations of completing a comprehensive assessment, developing a project plan, and developing a project management structure to govern the plan. The components of the assessment will be defined upon engagement of a consultant along with a project plan.	3/12 12/12	Deloitte Consulting completed an assessment of the impact of transition from ICD-9 to ICD-10. Recommendations are being reviewed to develop an implementation timeline pending an announcement from the Centers of Medicare and Medicaid Services (CMS) regarding a final ICD-10 implementation date.
14	MUHS Risk: Medium	MUHS ICD-10 Internal Audit Analysis, July 2011 Report Observation: 2	MUHC will expand the education plan upon completion of the assessment noted in recommendation 1.	3/12 12/12	Hospital staff has completed the Anatomy and Physiology refresher course. A plan for specific ICD-10 training is on hold until a final implementation date is announce by CMS.
15	MUHS Risk: Medium	MUHS ICD-10 Internal Audit Analysis, July 2011 Report Observation: 3	MUHC agrees with the recommendation for a complete IT assessment. This is included in the consulting engagement.	3/12 12/12	A technology assessment was provided in the report completed by Deloitte Consulting. A mitigation of vendor applications is ongoing.